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United States District Court  
Central District of California

DECKERS OUTDOOR CORPORATION,  
Plaintiff,  
v.  
J.C. PENNEY COMPANY INC.; DOES  
1–10, inclusive,  
Defendants.

Case № 2:14-cv-02565-ODW(MANx)

**ORDER GRANTING IN PART  
MOTION TO DISMISS WITH  
PARTIAL LEAVE TO AMEND [25]**

**I. INTRODUCTION**

Plaintiff Deckers Outdoor Corporation makes the famous UGG® Bailey Button Boots. It owns two United States Design Patents, which cover the Bailey Button designs. After discovering that Defendant J.C. Penney Company Inc. was selling boots with similar designs, Deckers brought this action, alleging trade-dress infringement, false designation of origin, federal unfair competition, patent infringement, and state-law unfair competition.

JC Penney moved to dismiss the First Amended Complaint, arguing that Deckers failed to state a valid claim for relief. The Court agrees with most of JC Penney’s arguments and accordingly **GRANTS IN PART** JC Penney’s Motion to Dismiss with **PARTIAL LEAVE TO AMEND**.<sup>1</sup> (ECF No. 25.)

<sup>1</sup> After carefully considering the papers filed in support of and in opposition to the Motion, the Court deems the matter appropriate for decision without oral argument. Fed. R. Civ. P. 78; L.R. 7-15.

1 **II. FACTUAL BACKGROUND**

2 Deckers is a Delaware corporation with its principal place of business in Goleta,  
3 California. (FAC ¶ 4.) Deckers produces footwear under the well-known UGG®  
4 trademark and other federal trademarks. (*Id.*; ¶ 8.) Deckers distributes its UGG  
5 footwear through authorized retailers and online. (*Id.* ¶¶ 8–9.)

6 In 2009, Deckers introduced one of its most widely recognizable product lines:  
7 the “Bailey Button” style of sheepskin boots. (*Id.* ¶¶ 9, 13.) The Bailey Button boots  
8 are made of suede and feature overlapping front and rear panels, curved top edges on  
9 the overlapping panels, exposed fleece-type lining, and one or more buttons  
10 depending on the height of the boot placed on the lateral side of the boot shaft. (*Id.*  
11 ¶ 9.)

12 Deckers owns several United States Design Patents for its Bailey Button boot  
13 styles, including Nos. D599,999 for the Bailey Button Single boot and D616,189 for  
14 the Bailey Button Triplet boot (“Bailey Button Design Patents”). (*Id.* ¶ 16.)

15 Deckers alleges that JC Penney has offered for sale “knock-off” UGG boots,  
16 which infringe upon the Bailey Button trade dress and design patents. (*Id.* ¶ 19.)  
17 Deckers has pointed to at least two boot styles offered by JC Penney called Arizona  
18 Carmen Girls Boots and Arizona Crescent Casual Suede Boots. (*Id.* ¶ 19–20; Ex. 2.)  
19 Deckers has not licensed or otherwise authorized JC Penney to use the Bailey Button  
20 trade dress or design patents. (*Id.* ¶ 22.)

21 On April 4, 2014, Deckers filed this action against JC Penney. (ECF No. 1.)  
22 Deckers later filed a First Amended Complaint, alleging claims for trade-dress  
23 infringement, false designations of origin and false descriptions, federal unfair  
24 competition, patent infringement, and unfair competition under California law. (ECF  
25 No. 18.) On August 6, 2014, JC Penney moved to dismiss Deckers’s First Amended  
26 Complaint under Federal Rule of Civil Procedure 12(b)(6). Deckers timely opposed.  
27 That Motion is now before the Court for decision.

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### III. LEGAL STANDARD

1  
2 A court may dismiss a complaint under Rule 12(b)(6) for lack of a cognizable  
3 legal theory or insufficient facts pleaded to support an otherwise cognizable legal  
4 theory. *Balistreri v. Pacifica Police Dep't*, 901 F.2d 696, 699 (9th Cir. 1990). To  
5 survive a dismissal motion, a complaint need only satisfy the minimal notice pleading  
6 requirements of Rule 8(a)(2)—a short and plain statement of the claim. *Porter v.*  
7 *Jones*, 319 F.3d 483, 494 (9th Cir. 2003). The factual “allegations must be enough to  
8 raise a right to relief above the speculative level.” *Bell Atl. Corp. v. Twombly*, 550  
9 U.S. 544, 555 (2007). That is, the complaint must “contain sufficient factual matter,  
10 accepted as true, to state a claim to relief that is plausible on its face.” *Ashcroft v.*  
11 *Iqbal*, 556 U.S. 662, 678 (2009).

12 The determination whether a complaint satisfies the plausibility standard is a  
13 “context-specific task that requires the reviewing court to draw on its judicial  
14 experience and common sense.” *Id.* at 679. A court is generally limited to the  
15 pleadings and must construe all “factual allegations set forth in the complaint . . . as  
16 true and . . . in the light most favorable” to the plaintiff. *Lee v. City of L.A.*, 250 F.3d  
17 668, 688 (9th Cir. 2001). But a court need not blindly accept conclusory allegations,  
18 unwarranted deductions of fact, and unreasonable inferences. *Sprewell v. Golden*  
19 *State Warriors*, 266 F.3d 979, 988 (9th Cir. 2001).

20 As a general rule, a court should freely give leave to amend a complaint that has  
21 been dismissed. Fed. R. Civ. P. 15(a). But a court may deny leave to amend when  
22 “the court determines that the allegation of other facts consistent with the challenged  
23 pleading could not possibly cure the deficiency.” *Schreiber Distrib. Co. v. Serv-Well*  
24 *Furniture Co.*, 806 F.2d 1393, 1401 (9th Cir.1986); *see Lopez v. Smith*, 203 F.3d  
25 1122, 1127 (9th Cir. 2000).

### IV. DISCUSSION

26  
27 JC Penney moves to dismiss Deckers’s claims for false designation of origin,  
28 infringement of the ’189 Patent, willful infringement, and state-law unfair

1 competition.<sup>2</sup> The Court agrees with JC Penney’s arguments with respect to Decker’s  
2 false-designation, willful-infringement, and state unfair-competition claims and thus  
3 grants in part its Motion.

4 **A. False designations of origin**

5 The Lanham Act prohibits any person from using any “false designation of  
6 origin” in connection with any goods or services in commerce that “is likely to cause  
7 confusion, or to cause mistake, or to deceive as to the affiliation, connection, or  
8 association of such person with another person, or as to the origin, sponsorship, or  
9 approval of his or her goods, services, or commercial activities by another person.”  
10 15 U.S.C. § 1125(a).

11 JC Penney argues that under the United States Supreme Court’s decision in  
12 *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23 (2003), Deckers’s  
13 false-designation-of-origin claim fails as a matter of law. JC Penney contends that  
14 where, as here, a defendant actually produced the goods at issue—even if those goods  
15 embody the plaintiff’s ideas or concepts—those goods cannot be the subject of a false-  
16 designation claim.

17 But Deckers attempts to distinguish *Dastar*, asserting that unlike the plaintiff in  
18 *Dastar*, Deckers is bringing a passing-off claim—not reverse passing off. Deckers  
19 argues that JC Penney violated the Lanham Act by using Deckers’s Bailey Button  
20 trade dress on its own products to falsely represent that they came from Deckers.

21 In *Dastar*, Fox Film had acquired the rights to General Dwight D. Eisenhower’s  
22 book *Crusade in Europe*, which detailed the allied campaign in Europe during World  
23 War II. 539 U.S. at 25–26. Fox then arranged for Time, Inc. to produce a television  
24 series based on the book—*Crusade. Id.* at 26.

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26 <sup>2</sup> JC Penney only argues for dismissal of Deckers’s false-designation-of-origin, infringement of the  
27 ’189 Patent, state unfair-competition claims in its Motion. But JC Penney then concludes by  
28 requesting that the Court dismiss Deckers’s entire First Amended Complaint. Since JC Penney fails  
to address Deckers’s trade-dress infringement or federal unfair-competition claims, the Court  
expresses no view with respect to them. They accordingly survive this Motion to Dismiss.

1 Dastar later produced its own video series called *Campaigns*, which borrowed  
2 footage extensively from *Crusade*. *Id.* at 26–27. Dastar also edited the film and  
3 added new features and packaging. *Id.* Fox then brought a false-designation-of-origin  
4 claim against Dastar. The district court found for Fox, and the Court of Appeals  
5 affirmed. *Id.* at 27–28.

6 But the United States Supreme Court reversed. Interpreting the phrase “origin  
7 of goods” in the Lanham Act, the Court concluded “that the phrase refers to the  
8 producer of the tangible goods that are offered for sale, and not to the author of any  
9 idea, concept, or communication embodied in those goods.” *Id.* at 37. The Court  
10 reasoned that the Lanham Act was “not designed to protect originality or creativity”—  
11 unlike patent and copyright law—and therefore could not be used to “create[ ] a species  
12 of perpetual patent and copyright, which Congress may not do.” *Id.* Since Dastar was  
13 clearly the producer of the *Campaigns* series, it—not Fox—was the “origin” of those  
14 goods for Lanham Act purposes. *Id.* at 38.

15 Deckers’s proposed point of distinguishment—i.e., that Dastar involved a  
16 reverse passing-off claim whereas Deckers has brought a passing-off claim<sup>3</sup>—does not  
17 remove this case from *Dastar*’s grasp. Both claims still involve false designation of  
18 origin under the Lanham Act—and therefore both focus on the definition of “origin”  
19 of the goods or services. In a reverse passing-off scenario as in *Dastar*, a producer  
20 allegedly misrepresents itself as the origin of the goods or services made by someone  
21 else. And in a passing-off situation like this case, a person allegedly misrepresents  
22 another entity as the origin of goods or services it produces itself. But the operative  
23 issue remains the same: the false designation of origin—whatever origin that may be.

24 While Deckers repeatedly argues that it has brought a passing-off claim against  
25 JC Penney, Deckers does not allege that JC Penney has sold Deckers’s Bailey Button  
26 Boots as JC Penney’s own products. Rather, Deckers confusingly contends that JC

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27 <sup>3</sup> As the Supreme Court pointed out, passing off involves a producer misrepresenting its goods or  
28 services as someone else’s, while reverse passing off occurs when the producer sells someone else’s  
goods or services as his own. *Id.* at 27 n.1.

1 Penney has appropriated Deckers’s Bailey Button Boot trade dress on to JC Penney’s  
2 own boots and then caused consumer confusion as to the origin of JC Penney’s boots.  
3 Regardless of whether Deckers accurately characterizes this scenario as passing off, it  
4 is crucial that the origin of the boots JC Penney has sold is JC Penney—not Deckers.

5 It is immaterial for the purposes of Deckers’s false-designation claim that JC  
6 Penney may have misappropriated the Bailey Button Boot trade dress, as the Supreme  
7 Court made clear that “the phrase ‘origin of goods’ is . . . incapable of connoting the  
8 person or entity that originated the ideas or communications that ‘goods’ embody or  
9 contain.” 539 U.S. at 32. Unless JC Penney sold Deckers boots as its own—thus  
10 changing the “origin” for Lanham Act purposes—the fact remains that JC Penney is  
11 the origin of its own goods. Deckers may not use § 1125(a) as “a species of perpetual  
12 patent and copyright” to attach Lanham Act liability to what is more properly the  
13 province of patent and copyright law. Under *Dastar*, Deckers’s false-designation-of-  
14 origin claim fails as a matter of law. The Court accordingly **GRANTS** JC Penney’s  
15 Motion on this ground **WITHOUT LEAVE TO AMEND**.

16 **B. Design-patent infringement**

17 The Federal Circuit has held that “[w]hether a design patent is infringed is  
18 determined by first construing the claim to the design, when appropriate, and then  
19 comparing it to the design of the accused device.” *OddzOn Prods., Inc. v. Just Toys,*  
20 *Inc.*, 122 F.3d 1396, 1404 (Fed. Cir. 1997). The comparison occurs through the eyes  
21 of an ordinary observer familiar with the prior-art designs. *Crocs, Inc. v. Int’l Trade*  
22 *Comm’n*, 598 F.3d 1294, 1303 (Fed. Cir. 2010). If the “patented design as a whole is  
23 substantially similar in appearance to the accused design,” then the defendant has  
24 infringed the patent. *OddzOn*, 122 F.3d at 1405.

25 JC Penney contends that Deckers fails to explain how either the Carmen or  
26 Crescent Girls Boots plausibly infringes the ’189 Patent.<sup>4</sup> JC Penney faults Deckers

27 \_\_\_\_\_  
28 <sup>4</sup> JC Penney does not attack Deckers’s pleading with respect to the ’999 Patent, so that portion of the patent-infringement claim is not subject to the Motion to Dismiss.

1 for lumping the '189 Patent in with its '999 Patent allegations. JC Penney then  
2 proceeds to analyze the design differences between the Carmen Girls Boot and the  
3 Bailey Button Triplet design embodied in the '189 Patent.

4 In contrast, Deckers argues that it has properly pleaded infringement of the '189  
5 Patent, as it has identified the specific Bailey Button Design patents it alleges JC  
6 Penney infringed along with design-patent illustrations and photos of the UGG  
7 products embodying the design patents.

8 The Court finds that Deckers properly pleaded JC Penney's alleged  
9 infringement of the '189 Patent. The Federal Circuit has held that "[i]nfringement of  
10 a design patent is a question of fact." *Catalina Lighting, Inc. v. Lamps Plus, Inc.*, 295  
11 F.3d 1277, 1287 (Fed. Cir. 2002). It is therefore improper in a situation like this one  
12 to contend that a plaintiff has failed to allege design-patent infringement based on a  
13 comparison of the subject designs, since the Court must accept all factual allegations  
14 as true in deciding a Rule 12(b)(6) motion. Moreover, as depicted in Figure 1, a  
15 comparison of the protected designs with the accused products demonstrates a  
16 sufficient visual similarity to at least render infringement of the '189 Patent plausible.  
17 Deckers had to do no more.

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Figure 1

Deckers's Design Patents	Accused Products
 <p data-bbox="477 821 626 856">D616,189</p>	 <p data-bbox="1003 821 1422 856">Arizona Carmen Girls Boot</p>
 <p data-bbox="477 1325 626 1360">D599,999</p>	 <p data-bbox="935 1360 1495 1396">Arizona Crescent Casual Suede Boot</p>

**C. Willful patent infringement**

To establish willful infringement, “a patentee must show by clear and convincing evidence that the infringer acted despite an objectively high likelihood that its actions constituted infringement of a valid patent.” *In re Seagate Tech., LLC*, 497 F.3d 1360, 1371 (Fed. Cir. 2007). If the plaintiff establishes that risk, it must then show that the objectively defined risk “was either known or so obvious that it should have been known to the accused infringer.” *Id.*

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1 California federal courts have taken the view that a plaintiff must plead presuit  
2 knowledge in order to adequately plead willful infringement. *E.g.*,  
3 *MyMedicalRecords, Inc. v. Jardogs, LLC*, No. 2:13-CV-03560-ODW, --- F. Supp. 2d  
4 ---, 2014 WL 585450, at \*5–6 (C.D. Cal. Feb. 14, 2014); *Seoul Laser Dieboard Sys.*  
5 *Co., Ltd. v. Serviform, S.r.l.*, 957 F. Supp. 2d 1189, 1196–97 (S.D. Cal. July 16, 2013);  
6 *Avocet Sports Tech., Inc. v. Garmin Int’l, Inc.*, No. C 11-04049 JW, 2012 WL  
7 1030031, at \*4 (N.D. Cal. Mar. 22, 2012).

8 JC Penney argues that Deckers conclusorily alleges “on information and belief”  
9 that JC Penney’s alleged patent infringement was “willful” but fails to state any  
10 supporting facts or that JC Penney had advance knowledge of Deckers’s patents. JC  
11 Penney points out that Deckers only alleges widespread popularity and recognition of  
12 Deckers’s Bailey Button boot style and the patent notice provided on the boots  
13 themselves.

14 But Deckers contends that the Bailey Button Boots’ popularity and patent  
15 notice on the products themselves suffices to establish presuit knowledge.

16 The Court disagrees. Deckers has not alleged that JC Penney was actually  
17 aware of either of the patents-in-suit prior to producing and selling the accused  
18 products. Even if the Bailey Button Boots have garnered widespread popularity and  
19 are stamped with patent notice, those allegations, standing alone, do not establish that  
20 JC Penney actually knew about the ’189 and ’999 Patents. Actual knowledge—not  
21 constructive knowledge—is the criterion. *i4i Ltd. P’ship v. Microsoft Corp.*, 598 F.3d  
22 831, 860 (Fed. Cir. 2010) (“Infringement is willful when the infringer was aware of  
23 the asserted patent . . . .”); *Seoul Laser Dieboard Sys.*, 957 F. Supp. 2d at 1196–97  
24 (same).

25 In its Opposition, Deckers states that “[c]ourts have routinely denied motions to  
26 dismiss where the patentee has made similar allegations of willful infringement,” and  
27 then lists several case citations. (Opp’n 10.) Yet, all but one of these cases actually  
28 establish the opposite of what Deckers asserts. In those cases, the plaintiff alleged that

1 the defendant had actual knowledge of the patents-in-suit—not some form of  
2 bootstrapped constructive knowledge. *See Sony Corp. v. LG Electronics U.S.A., Inc.*,  
3 768 F. Supp. 2d 1058, 1064 (C.D. Cal. 2011) (“Here, plaintiff identifies the specific  
4 accused products . . . and alleges that *defendants had actual notice of the patents in*  
5 *suits . . .*” (emphasis added)); *Oakley, Inc. v. 5.11, Inc.*, No. 11CV2173 WQH CAB,  
6 2012 WL 5363245, at \*2 (S.D. Cal. Oct. 29, 2012) (“The second amended complaint  
7 identifies the specific products alleged to infringe and alleges that the Defendants’  
8 [*sic*] had *written notice of the issued patents before the action was filed.*” (emphasis  
9 added)); *Milwaukee Elec. Tool Corp. v. Hitachi Koki, Ltd.*, No. 09-C-948, 2011 WL  
10 665439, at \*5 (E.D. Wis. Feb. 14, 2011) (“[T]he plaintiffs allege that ‘[the defendants  
11 were] aware of [the plaintiffs’ patents] prior to filing [the] Amended Complaint’ and  
12 yet continued to infringe the patents.”).<sup>5</sup> And Deckers’s citation to the Federal  
13 Circuit’s opinion in *Sentry Protection Products, Inc. v. Eagle Manufacturing Co.*, 400  
14 F.3d 910 (Fed. Cir. 2005), is completely inapposite, as that case dealt with the  
15 pleading standard for general patent infringement—not enhanced damages for willful  
16 infringement. *See id.* at 918 (citing 35 U.S.C. § 287(a)).

17 Since Deckers has not alleged that JC Penney had actual knowledge of either  
18 the ’189 or ’999 Patents, Deckers’s willfulness allegation fails. The Court  
19 consequently **GRANTS** JC Penney’s Motion on this ground **WITH LEAVE TO**  
20 **AMEND.**

#### 21 **D. California’s Unfair Competition Law**

22 Lastly, JC Penney argues that federal law preempts Deckers’s California Unfair  
23 Competition Law (“UCL”) claim. To determine whether federal law preempts a state  
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25 <sup>5</sup> Deckers cites to one case in which the district court held that actual or constructive knowledge  
26 satisfied the willful-infringement pleading standard. *Jardin v. Datallegro, Inc.*, No. 08CV1462-IEG-  
27 RBB, 2009 WL 186194, at \*7 (S.D. Cal. Jan. 20, 2009). But interestingly, Deckers included a  
28 quotation that allegedly came from the case stating that the plaintiff had alleged the defendants’  
actual knowledge of the patents-in-suit. (Opp’n 10.) Not only does this quotation not support  
Deckers’s position, but that quotation does not appear in *Jardin*. Rather, it comes from a citation to  
*Jardin* in *Oakley* where the court apparently misquoted *Jardin*. *See* 2012 WL 5363245, at \*2.

1 claim, the Ninth Circuit has held that one must determine “whether the state law claim  
2 contains an element not shared by the federal law; an element which changes the  
3 nature of the action so that it is *qualitatively* different from a [federal] infringement  
4 claim.” *Summit Mach. Tool Mfg. Corp. v. Victor CNC Sys., Inc.*, 7 F.3d 1434, 1439–  
5 40 (9th Cir. 1993) (internal quotation marks omitted). JC Penney contends that there  
6 is no “extra element” that distinguishes Deckers’s UCL claim from its federal ones.  
7 JC Penney points out that Deckers simply incorporates its previous allegations into its  
8 UCL claim.

9 But Deckers argues that it has alleged JC Penney’s bad-faith conduct and that  
10 courts have held that alleging bad faith may avoid preemption. Deckers also contends  
11 that unfair-competition claims based on California law provide additional remedies  
12 such as punitive damages that are not available under the Lanham or Patent Acts.

13 Deckers confuses the analysis in its opposing arguments. The Ninth Circuit has  
14 not held that simply alleging more elements or factual information than necessary  
15 saves a claim from federal preemption; rather, the court emphasized that the state  
16 claim must require “an element not shared by the federal law.” *Id.* Just because  
17 Deckers decided to plead bad faith does not mean that this allegation is even an  
18 element of a UCL claim. The UCL does not necessarily require bad-faith conduct to  
19 establish a violation. For example, under the “unlawful” prong, conduct that violates  
20 another law—such as a law not involving any sort of bad faith—could serve as a  
21 predicate for UCL liability. *Cel-Tech Commc’ns, Inc. v. L.A. Cellular Tel. Co.*, 20  
22 Cal. 4th 163, 180 (1999); *Durell v. Sharp Healthcare*, 183 Cal. App. 4th 1350, 1360–  
23 61 (Ct. App. 2010). Since not every law requires bad-faith conduct, it follows that not  
24 every UCL claim mandates it either.

25 Neither does the fact that the UCL authorizes additional remedies save the  
26 claim from federal preemption. The Ninth Circuit requires that the state-law claim  
27 have an element not shared by federal law; the remedies provided are irrelevant. *See*  
28 *Summit*, 7 F.3d at 1439–40.

1 Since Deckers has failed to point out any element of its UCL claim not shared  
2 by its federal ones, federal law preempts it. The Court thus **GRANTS** JC Penney's  
3 Motion on this ground **WITHOUT LEAVE TO AMEND**.

4 **V. CONCLUSION**

5 For the reasons discussed above, the Court **GRANTS IN PART** JC Penney's  
6 Motion to Dismiss with respect to Deckers's claims for false designation of origin,  
7 willful patent infringement, and the UCL. (ECF No. 25.) The Court **DENIES** the  
8 Motion on all other grounds. If Deckers may do so consistent with Rule 11, it may  
9 amend its Complaint with respect to presuit knowledge, if any, within 14 days. If  
10 Deckers does not amend within that timeframe, JC Penney shall file its answer to the  
11 remainder of Deckers's First Amended Complaint within 35 days from the date of this  
12 Order.

13 **IT IS SO ORDERED.**

14  
15 September 8, 2014

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18 **OTIS D. WRIGHT, II**  
19 **UNITED STATES DISTRICT JUDGE**  
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